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Sen. Lucio Files Series of Bills to Protect Homebuyers

Austin - Senator Eddie Lucio, Jr., has filed a package of measures that would give greater protections to homebuyers. SB 1319 and SB 1320 will give greater security to Texans by leveling the playing field and providing some fundamental safeguards.

"Texans are too often left to fend for themselves when trying to buy a home," Sen. Lucio said. "It is wrong to allow those driven by profit to exploit the desire of Texas families to have their own piece of the American dream."

Senate Bill 1319 addresses abusive loan servicing practices by non-federally related mortgage loan providers. While many servicers are ethical, some misapply payments, ignore requests for information and abruptly foreclose on homes rather than work to resolve the problem.

Juanita Valdez-Cox, Executive Director of La Union del Pueblo Entero, says that, "bad loan servicing practices take advantage of hundreds of families in the Valley every year." Emily Rickers, with the Rio Grande Legal Aid Office, says, "Many middle and low income homeowners have to deal with unregulated, abusive servicers in the Valley."

Not only are such practices unjust and profit driven, they have contributed to the nation's current economic woes. According to Robert Doggett, a foreclosure expert with the Texas Housing Justice League, bad servicing is one of the primary causes of the foreclosure crisis affecting this country.

If passed, SB 1319 would require lenders to provide monthly statements, expand refinancing options, respond quickly to borrowers' requests for information and maintain reasonable late charge policies. John Henneberger, with the Texas Low Income Housing Information Service, commented on Lucio's effort, "It is good that Texas is considering legislation like this to level the loan servicing playing field."

In addition to abusive servicing, some sellers are now requiring homebuyers to sign a "deed-in-lieu" of foreclosure, at closing. Corinna Spencer-Scheurich, with the South Texas Civil Rights Project says that "these sellers trick people out of their homes," by deceiving them into signing away their foreclosure rights. Both SB 1319 and 1320 have provisions that would make the act of obtaining or using such a document unlawful.

"I hope these bills go a long way to making home buying a more just and equitable process in the Valley and across the state," Sen. Lucio said.

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